

BETHEL SCHOOL DISTRICT No. 403
Pierce County, Washington
September 1, 1991 Through August 31, 1992

Schedule Of Findings

1. High School Should Not Sell Competitive Minimal Nutritional Value Foods Where, And During Periods When, Federally Subsidized Meals Are Served

The district is subject to federal regulation under the U.S. Department of Agriculture National School Lunch Program (CFDA 10.555). The program prohibits the sale of minimal nutritional value foods and beverages in food service areas while federally subsidized meals are being offered. Policies of the district support the federal requirements. Our audit of the program revealed at one school, soft drink and snack vending machines were operating in the lunch room during the period that federally subsidized meals were served.

Superintendent of Public Instruction (SPI) Bulletin No. 15-91 states in part:

... has defined the lunch and breakfast periods as those times allocated for meal periods . . . The food service area is defined as any area on school premises in which National School Lunch and/or School Breakfast Program meals are either served or eaten . . . USDA considers competitive foods to be those of minimal nutritional value. These items include: soda water or carbonated beverages . . . chewing gum; and certain candies . . . By selling competitive foods in the food service areas during meal periods, the School Food Authority fails to adhere to these regulations

The exception stated above could effect reimbursement from SPI. This problem was the result of school building management electing to turn on the vending machines during the lunch period. District management acted immediately to ensure compliance with federal regulations and district policy. District management is in the process of eliminating the minimal nutritional value foods from the food service area.

We recommend the district continue compliance with the National School Lunch Program.

2. Internal Control Over Associated Student Body Funds Needs Improvement

Our audit of Associated Student Body (ASB) Fund records revealed weaknesses in control procedures as follows:

a. Unauthorized Moneys and Transaction

- (1) Two schools had faculty soft drink machines stocked by the ASB secretaries.
- (2) The safe at one school contained a faculty check for \$25 which was not receipted. The money was intended for use in purchasing a sweatshirt and a donation to the faculty sunshine fund.

b. Receipts

- (1) One school had four different types of unauthorized nondistrict receipts. In addition, receipts were torn out of the receipt books, unsigned, or filled out in pencil. Original ink and strike overs were found on receipt copies.
- (2) One school had deposit slips which reflected a different number of checks than the receipts.

c. Cash and Checks

- (1) One school had club (detail) receipts which did not tie to summary ASB receipts, or to the deposit slips. The difference was due to the club not receipting checks.
- (2) Three schools had not properly annotated cash versus check composition on receipts.

d. Inventories

- (1) One school had an ASB secretary performing incompatible tasks. She was controlling fund raiser inventory and preparing related cash receipts and deposits.
- (2) One school did not maintain inventory records for soft drinks. Further, an annual soft drink inventory was not performed.

e. Approvals, Coding, and Support

Expenditures lacked student approvals in 5 of 28 transactions tested at the central office, and in 3 transactions at one school.

f. General Control

- (1) One school left lunch moneys in a locked bank bag on top of a school office counter instead of being secured in the vault.
- (2) One school had a revolving fund which had not been reconciled for seven months.

These weaknesses could cause irregularities to occur which might not be detected in the normal course of business. These exceptions resulted from a lack of emphasis placed on ASB at the school level, ASB staff performing nondistrict functions, and heavy work loads

in the positions handling ASB funds. District management acted immediately to improve control over ASB funds.

We recommend the district provide training for the ASB secretaries to improve control over the handling of ASB moneys. We specifically recommend ASB secretaries not handle non-ASB moneys.